

# **BRICKWORKS**

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LIMITED

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21 October 2011

Australian Securities Exchange  
Attention: **Companies Department**

**BY ELECTRONIC LODGEMENT**

Dear Sir/Madam,

Please find attached documents mailed to Brickworks shareholders in relation to the 2011 Full Year results and Annual General Meeting. Also included in this mailing is the Brickworks Ltd 2011 Annual Report, which has been lodged with ASX under separate cover.

Yours faithfully,  
BRICKWORKS LIMITED



IAIN THOMPSON  
COMPANY SECRETARY

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**BRICKWORKS LIMITED**

ABN 17 000 028 526

738 – 780 Wallgrove Road, Horsley Park NSW 2175; PO Box 6550, Wetherill Park NSW 1851  
Telephone: 61 2 9830 7800 Fax: 61 2 9620 1328

Internet Address: <http://www.brickworks.com.au> E.Mail Address: [info@brickworks.com.au](mailto:info@brickworks.com.au)

# BRICKWORKS

LIMITED

October 2011

Dear Shareholder

On behalf of your Board, I am pleased to invite you to attend the 77<sup>th</sup> Annual General Meeting of Brickworks Limited on Tuesday 29 November 2011 at the Ballroom, Establishment, Level 2, 252 George Street, Sydney, NSW commencing at 12.00 noon.

Included with this letter you have received a copy of the Notice of Meeting for the Annual General Meeting, and a personalised proxy form for those who may be unable to attend the meeting in person. This proxy form must be lodged in accordance with the instructions contained on that form.

If you will be unable to attend the meeting, a copy of the addresses given by the Managing Director, Mr Lindsay Partridge, and myself, along with results of the voting on the various resolutions, will be posted both on the ASX website (asx.com.au) and on the Brickworks Ltd website (brickworks.com.au) following the meeting.

Once again, I look forward to meeting those shareholders able to attend in Sydney, and encourage all holders of ordinary shares to participate in voting on the resolutions as proposed.

Yours faithfully



Robert Millner  
Chairman  
Brickworks Limited

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# BRICKWORKS

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LIMITED

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## NOTICE OF MEETING

NOTICE IS HEREBY given that the ANNUAL GENERAL MEETING of BRICKWORKS LIMITED, will be held at the Ballroom, The Establishment, Level 2, 252 George Street, Sydney, NSW, 2000 on Tuesday 29 November 2011 at 12.00 noon (AEDT).

### ORDINARY BUSINESS:

1. To receive and consider the Financial Report of Brickworks Ltd and the Brickworks Group, and the reports of the Directors and Auditors thereon, for the financial year ended 31 July 2011.
2. To adopt the remuneration report for the financial year ended 31 July 2011.

Pursuant to section 250R(3) of the Corporations Act, the vote on this resolution is advisory only and does not bind the directors or the Company.

3. Re-election of directors.

That Mr. B.P. Crotty, who retires as a Director in accordance with section 6.3 of the Company's Constitution and being eligible for re-election, be re-appointed as a Director.

**BY ORDER OF THE BOARD**  
**I.H. THOMPSON**  
**Secretary**

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## **Entitlement to vote**

The Board has determined that for the purpose of determining entitlements to attend and vote at the meeting, shares will be taken to be held by the persons who are the registered holders at 12.00 noon (AEDT) on 27 November 2011. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

## **How to Vote**

Shareholders may vote by either:

- attending the meeting in person or by attorney; or
- by proxy (see below); or
- by corporate representative in the case of corporate shareholders (see below).

## **Proxies**

- (a) A member entitled to attend and vote is entitled to appoint not more than 2 proxies.
- (b) Where 2 proxies are appointed and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
- (c) A proxy need not be a member of the Company.
- (d) A proxy form must be signed by the member or his or her attorney. Proxies given by corporations must be signed under seal or under the hand of the authorised officer or attorney.
- (e) Proxy forms must be lodged with the Secretary, Brickworks Limited, in accordance with the instructions on the proxy form, not less than 48 hours before the time for holding the meeting. A proxy form accompanies this notice.

## **Corporate representatives**

A member that is a body corporate may appoint an individual to act as its representative at the meeting. Unless otherwise specified in the appointment, the representative may exercise, on the body corporate's behalf, all or any of the powers that the body corporate could exercise at the meeting or in voting on a resolution.

Appointments may be lodged in advance of the meeting at the Company's registered office or share registry (details on the proxy form), or handed in at the meeting when registering as a corporate representative.

**Brickworks Limited ABN 17 000 028 526**  
**Explanatory statement**

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This statement explains the items of business to be considered at the meeting and should be read in conjunction with the notice of meeting.

**Resolution 1: Receive and consider the financial and other reports**

The full year results of Brickworks Ltd are available either in the Annual Report sent to those shareholders who elected to receive the annual report, or on the Company's website ([www.brickworks.com.au](http://www.brickworks.com.au)).

This item does not require voting by shareholders. It is intended to provide an opportunity for shareholders to raise questions on the financial reports, and on the performance and management of the Company.

The auditors of the Company, Ernst & Young, will also be present at the meeting, and will be available to answer any questions relevant to the financial reports, including:

- the conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company; and
- the independence of the auditor

**Resolution 2: Adopt the remuneration report for the year ended 31 July 2011**

The remuneration report can be found in the Annual Report of the Company, forming part of the Director's report.

The Corporations Act requires listed companies to present their remuneration report for adoption by shareholders at the Company's Annual General Meeting. The vote on this resolution is advisory only, and does not bind the directors or the Company.

**Voting exclusion statement**

A vote must not be cast (in any capacity) on Resolution 2 by or on behalf of the Company's key management personnel (including the directors), details of whose remuneration are included in the Remuneration Report ("KMP") or their closely related parties, whether as a shareholder or as a proxy.

However, a vote may be cast on Resolution 2 by a KMP, or a closely related party of a KMP, if the vote is cast as a proxy appointed in writing that specifies how the proxy is to vote on Resolution 2, and the vote is not cast on behalf of a KMP or a closely related party of a KMP. The Company has obtained relief from ASIC to permit the Chairman of the Meeting to cast undirected proxy votes on Resolution 2, as discussed below.

### **Undirected proxy voting by the Chairman of the Meeting**

If the Chairman of the Meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy how to vote on Resolution 2 on the proxy form, you will be expressly authorising the Chairman of the Meeting to exercise the proxy even if that resolution is connected directly or indirectly with the remuneration of a member of the key management personnel of the Brickworks Group or the Chairman of the Meeting is a KMP.

The Chairman of the Meeting intends to vote undirected proxies in favour of Resolution 2.

### **Resolution 3: Election of Directors**

Under the Constitution of Brickworks Ltd the term of a Directors appointment is three years, after which that Director must retire as a Director and stand for re-election at the Annual General Meeting of the Company. Details of the skills and experience of Mr Crotty, as outlined in the Annual Report of the Company, are as follows:

#### ***Brendan P. Crotty LS; DQIT; Dip.Bus Admin; MAPI; FAICD; FRICS Director***

Mr Crotty was appointed to the Board in June 2008 and is a non-executive Director. He brings extensive property industry expertise to the Board, including 17 years as Managing Director of Australand until his retirement in 2007. He is a director of a number of other entities that are involved in the property sector, a member of the National Housing Supply Council, Chairman of Western Sydney Parklands Trust and a director of Barangaroo Delivery Authority. He is a Member of the Audit and Risk Committee and the Remuneration Committee.

Other directorships:

Australand Funds Management Ltd	Director since 2007
GPT Group	Director since 2009
Trafalgar Corporate Ltd	Appointed 2007, Resigned 2009

# BRICKWORKS

LIMITED

ABN 17 000 028 526

000001 000 BKW  
MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030

## Lodge your vote:



### By Mail:

Computershare Investor Services Pty Limited  
GPO Box 242 Melbourne  
Victoria 3001 Australia

Alternatively you can fax your form to  
(within Australia) 1800 783 447  
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only  
(custodians) [www.intermediaryonline.com](http://www.intermediaryonline.com)

### For all enquiries call:

(within Australia) 1300 850 505  
(outside Australia) +61 3 9415 4000

## Proxy Form

For your vote to be effective it must be received by 12.00pm (AEDT) Sunday 27 November 2011

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box, then subject to any voting exclusion, your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.computershare.com](http://www.computershare.com).

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**Turn over to complete the form** →



View your securityholder information, 24 hours a day, 7 days a week:

**[www.investorcentre.com](http://www.investorcentre.com)**

- Review your securityholding
- Update your securityholding

**Your secure access information is:**

**SRN/HIN: I999999999**



**PLEASE NOTE:** For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE  
 FLAT 123  
 123 SAMPLE STREET  
 THE SAMPLE HILL  
 SAMPLE ESTATE  
 SAMPLEVILLE VIC 3030

**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

# Proxy Form

Please mark  to indicate your directions

## STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Brickworks Limited hereby appoint

the Chairman of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Brickworks Limited to be held at the Ballroom, The Establishment, Level 2, 252 George Street, Sydney, NSW, 2000 on Tuesday 29 November 2011 at 12.00 noon and at any adjournment or postponement of that meeting.

### Important Note

The Chairman of the Meeting intends to vote undirected proxies **in favour of all items of business**. If the Chairman of the Meeting is your proxy or is appointed your proxy by default, and you do not direct your proxy how to vote in respect of Item 2 in Step 2, you expressly authorise the Chairman of the Meeting to exercise the proxy even if that item is connected directly or indirectly with the remuneration of a member of the key management personnel of the Brickworks Group, which includes the Chairman of the Meeting. If you do not wish for your vote to be voted in this way, you should direct your proxy how to vote in Step 2.

## STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority on a poll.

		For	Against	Abstain
2	Adopt the remuneration report for the year ended 31 July 2011	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	Re-elect Mr. B. P. Crotty as a Director of the Company	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all undirected proxies in favour of each item of business.

## SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact Name

Contact Daytime Telephone

Date / /

# BRICKWORKS

LIMITED

ABN 17 000 028 526

## Full Year Results 31 July 2011

### Brickworks delivers robust full year profit result

#### *Highlights*

- ❖ Brickworks Normalised NPAT down 8.5% to \$100.8 million
  - Building Products EBIT down 21.3% to \$42.0 million
  - Land and Development EBIT up 2.8% to \$29.2 million
  - Investments EBIT down 11.2% to \$67.9 million
- ❖ Headline NPAT up 2.7% to \$142.6 million
- ❖ Building Products Revenue up 4.2% to \$604.9 million
- ❖ Net Debt \$249.4 million, Gearing of 17.9%
- ❖ Borrowing costs down 13.5% to \$21.2 million
- ❖ Final dividend of 27.0 cents fully franked



## OVERVIEW

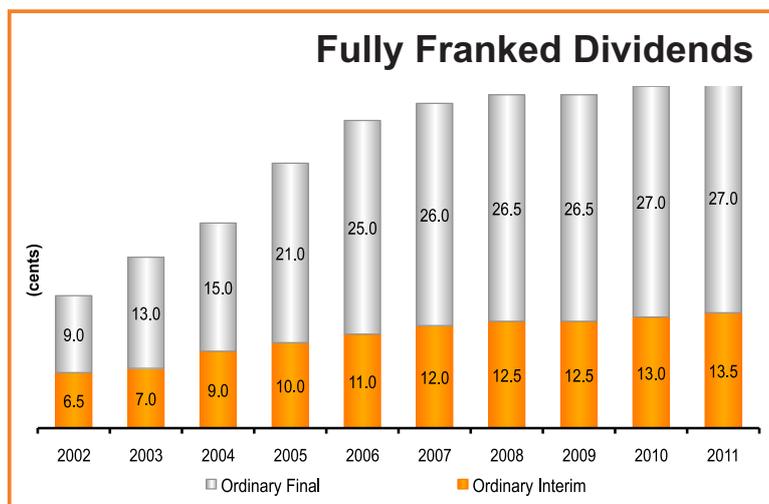
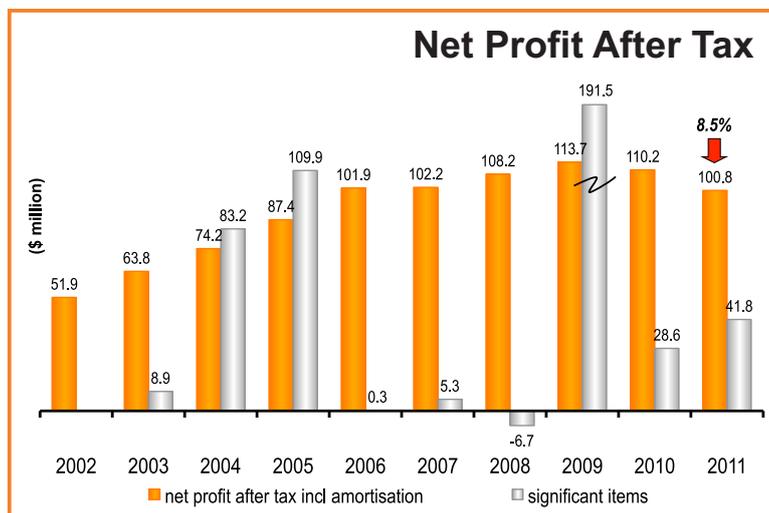
Brickworks (ASX: BKW) posted a **Normalised** net profit after tax ('NPAT') for the year ended 31 July 2011 of \$100.8 million, down 8.5% from \$110.2 million for the year ended 31 July 2010. After significant items, Brickworks' **Headline** NPAT was \$142.6 million, up 2.7% from \$138.8 million in the previous year.

**Building Products** earnings before interest and tax ('EBIT') in the second half was 38.2% down on the prior corresponding period. The full year EBIT was \$42.0 million, down 21.3% on the prior year. **Land and Development** EBIT was up 2.8% to \$29.2 million, primarily due to an increased contribution from the Property Trust. **Investment** EBIT was down 11.2% to \$67.9 million, largely due to the impact of flooding in Queensland on the result of New Hope Coal.

Brickworks' overall result was achieved despite challenging conditions including the conclusion of the Federal government's stimulus programs, extreme weather events such as the floods in Queensland and a significant fall in detached housing commencements in every state. The result was assisted by both lower borrowing costs and tax expense.

Normal earnings per share ('EPS') were 68.3 cents per share, down from 76.7 cents per share for the previous year due to the lower earnings.

In a sign of confidence as to the underlying strength of the company the Directors have maintained the



final **dividend** of 27.0 cents fully franked, taking the full year dividend to 40.5 cents fully franked, a 1.3% increase on the previous year.

The record date for the final ordinary dividend will be 23 November 2011, with payment being made on 1 December 2011.

## FINANCIAL ANALYSIS

**Gearing** (debt to equity) reduced to 17.9% at 31 July 2011 from 18.2% at 31 July 2010. Total interest bearing debt ('TIBD') remained steady at \$300.0 million and Net Debt was \$249.4 million at 31 July 2011. Net debt to capital employed rose to 13.0% from 12.1% the previous year on a \$22.7 million reduction in cash holdings.

Brickworks successfully negotiated renewal of its **senior bank debt** facility for a further 4 years on favourable terms. This new facility is due for maturity in June 2015. The company also has an undrawn working capital facility of \$100.0 million that provides head room in the current unstable financial markets or additional financial capacity should an acquisition opportunity arise.

**Borrowing costs** decreased to \$21.2 million, from \$24.5 million the prior year, due to lower average debt levels. Interest cover was down marginally to 6.4 times, from 6.5 times at 31 July 2010.

Total net **cash flow** from operating activities was \$89.0 million, down from \$146.5 million in the previous year. Reduced proceeds from land held for resale of \$47.1 million accounted for most of this decrease. In addition there was an increase in inventory of \$12.7 million (excluding the inventory of acquired businesses). These amounts were slightly offset by reduced tax payments of \$13.5 million compared with the prior year.

**Dividends** of \$59.8 million were paid during the year, compared to \$58.2 million in the previous corresponding period.

**Capital expenditure** increased to \$35.7 million in the year ended 31 July 2011, excluding acquisitions. Stay in business capital expenditure was \$19.1 million, representing 71.8% of depreciation. Growth capital expenditure was \$15.7 million including upgrades to precast plants in New South Wales and Western Australia and the purchase of operational land for the Building Products division. Land and Development capital expenditure was \$0.9 million.

Spending on **acquisitions** totalled \$17.1 million for the year comprising the Giroto and Gocrete precast businesses and East Coast Masonry in Coffs Harbour.

**Working capital**, excluding assets held for resale, decreased by \$17.8 million to \$204.5 million mainly

due to a decrease in receivables and cash holdings at the end of the year.

Finished goods **inventory** increased by \$12.2 million to \$115.5 million during the year, including the effect of businesses acquired during the period. Even though a number of plants were taken offline during the year, wet weather in June and July and continued deterioration in trading conditions caused a substantial stock build at year end.

**Net Tangible Assets** (NTA) per share increased by 1.5% to \$9.42 per share as Total Shareholders' Equity increased \$25.8 million to \$1.676 billion.

Normal **tax expense** decreased 36.5% to \$10.1 million during the year, on reduced Group EBIT.

**Significant items** increased NPAT by \$41.8 million for the full year and are detailed in the following table.

Significant Items (\$m)	Gross	Tax	Net
WHSP Equity Accounting – BKW share of significant items, including the sale of Arrow Energy Limited	88.7	(26.6)	62.1
Impairment of Austral Bricks Queensland assets	(9.7)	2.9	(6.8)
Costs associated with the restructure of Austral Bricks Victoria	(9.6)	2.9	(6.7)
Bristle Roofing West Coast – write-off obsolete plant	(3.1)	0.9	(2.2)
Acquisitions, legal and other	(6.6)	2.0	(4.6)
<b>TOTAL</b>	<b>59.7</b>	<b>(17.9)</b>	<b>41.8</b>

## BRICKWORKS BUILDING PRODUCTS GROUP

### Market conditions<sup>1</sup>

Total dwelling commencements for **Australia** were down 5.5% to 156,411 for the twelve months ended 30 June 2011, from 165,549 in the previous year. The decline was driven by detached housing, down 13.6% to 96,863 compared with 112,141 for the previous year.

There was a significant drop in activity in the second half, with total dwelling commencements for the six months to 30 June 2011 of 74,017, down 10.2% compared to the six months to 31 December 2010.

**New South Wales** experienced a 3.1% decrease in total dwelling commencements to 35,261, driven by an 8.4% reduction in detached houses, partially offset by a 2.6% increase in other residential commencements.

**Queensland** experienced the largest percentage decrease in total dwelling commencements of any state, down 20.3% to 26,443 for the twelve months ended 30 June 2011. The decrease was particularly significant in the second half in the aftermath of the severe flooding in south east Queensland. Total dwelling commencements for the six months to 30 June 2011 were 12,203, down 25.2% on the prior corresponding period.

**Victoria** was the only state to experience an increase in dwelling commencements, up 8.5% to a record high of 59,116 for the year ended 30 June 2011. There is evidence of the Victorian market softening with commencements for the second half to 30 June 2011 of 27,842 down 11.0% on the first half to 31 December 2010.

<sup>1</sup> Original data sourced from ABS Cat. 87500.0 Dwelling Unit Commencements, Australia, Preliminary, June 2011. Total data within table includes conversions.

**Western Australia** experienced a sharp decline in building activity with total commencements of 20,617, down 18.0% from 25,134 in the prior year. Detached houses were down 15.6% to 16,763 and other residential commencements were down 27.1% to 3,805.

### **New Zealand Market Conditions<sup>2</sup>**

New Zealand building consents were down 16.3% for the 12 months ended 31 July 2011 to 13,539. This was primarily driven by a 25.6% reduction in the second half to 5,988.

The value of approvals in the **non residential** sector in Australia decreased by 30.9% to \$27.594 billion for the twelve months to 30 June 2011 compared to the previous corresponding period. This decrease is related to the wind down of the BER program. Within the non residential sector, **Commercial** building approvals increased by 15.0% to \$10.317 billion for the period and **Industrial** building approvals increased 17.9% to \$3.629 billion. (See table below.)

## **BUILDING PRODUCTS RESULTS IN DETAIL**

<b>Year Ended July</b>		<b>2010</b>	<b>2011</b>	<b>Change%</b>
Revenue	\$mill	580.3	604.9	4.2
EBITDA	\$mill	79.1	68.6	(13.3)
EBIT	\$mill	53.4	42.0	(21.3)
Capital Expenditure	\$mill	23.9	34.8	45.6
EBITDA margin	%	13.6	11.3	(2.3)
EBIT margin	%	9.2	6.9	(2.3)
Employees		1,414	1,395	(1.3)
Safety (TRIFR) <sup>3</sup>		169.8	216.1	27.3
Safety (LTIFR) <sup>4</sup>		3.0	3.5	16.7

**Revenue** for the year ended 31 July 2011 was up 4.2% to \$604.9 million compared to \$580.3 million for the prior year, due to additional revenue from acquisitions. A strong increase in revenue in the first half was offset by a 5.9% decline in second half revenue to \$298.6 million. Revenue from like for like operations was down 5.6% for the year.

**EBIT** was \$42.0 million, down 21.3% on the prior year. EBIT in the second half was weak, at \$19.5 million, down 38.2% on the prior corresponding period.

The reduced EBIT result is entirely attributable to performance of Austral Bricks Queensland, and the Western Australian operations in the face of extremely depressed market activity. Excluding these businesses, the EBIT result was up 3.4% on the prior year.

The lower **EBIT to Sales Margin** was impacted by higher unit production costs as plant efficiencies were decreased by shutdowns throughout the year. Margins were also adversely impacted by increased brick

transfers from interstate to meet the demand in Victoria, and an increase in electricity costs.

In addition, a dramatic increase in the proportion of sales from Austral Precast contributed to the lower margin. The supply and install nature of the precast business, similar to roofing, has generally lower profit margins than bricks, however being less capital intensive, compensates with less funds employed.

The ability of the business to achieve **selling price** increases to cover the increased costs was compromised by inconsistent pricing and irrational selling strategies in the market. This is likely to remain an ongoing problem

with competitors fixing current prices in multi-year contracts with many builders.

To combat this, Brickworks continues to focus on developing market leading products and has delivered a range of new and innovative products that competitors cannot match, allowing Brickworks to attract premium prices. For example in New South Wales, over 50% of face brick sales last year were products designed and launched within the last five years.

Brickworks objective to be the “**easiest to do business with**” was supported by strong momentum in the retail and display upgrade strategy. Numerous initiatives were rolled out during the year, including the opening of new **Design Studios** in Sydney CBD, and Richmond, in inner city Melbourne. In addition a number of existing displays were upgraded including Townsville (Queensland), Punchbowl (New South Wales) and Tauranga (New Zealand).

<sup>2</sup> Building Consents data sourced from Statistics New Zealand – Building Consents, July 2011

<sup>3</sup> Total Reportable Injury Frequency Rate (TRIFR) measures the total number of reportable injuries per million hours worked

<sup>4</sup> Lost Time Injury Frequency Rate (LTIFR) measures the number of lost time injuries per million hours worked

Total **Employee numbers** were reduced by 19 over the year, however with an additional 146 employees joining the business due to acquisitions, a total of 165 staff, representing 11.7% of the workforce, were laid off during the year. Building Products revenue per employee increased by 5.7% to \$433,620. This figure compares favourably to the building products operations of our peers.

The Total Reportable **Injury Frequency Rate** ('TRIFR') increased to 216.1 from 169.8 for the prior year. There were 10 Lost Time Injuries ('LTIs') during the year, compared with 8 in the previous year. The slight increase is primarily due to injuries sustained in the recently acquired operations. In fact, only 2 (of 12) divisions experienced an increase in the number of LTI's compared to the previous year, and 8 divisions had no LTI's at all. Brickworks is currently rolling-out OHS practices to improve safety standards in the recently acquired operations, in line with the rest of the Group.

### **Carbon Emissions**

Brickworks has continually strived to reduce fuel consumption and lower carbon emissions, for

commercial and environmental reasons. Based on NGERs data, Brickworks emitted 430,800 tonnes of CO<sub>2</sub> for the year ended 31 July 2011. This has been voluntarily reduced from 570,000 tonnes for the year ended 31 July 2003.

Brickworks continue to pursue significant reductions in energy consumption with a focus on three key themes: better factory utilisation; product re-engineering; and elimination of products with excessive emissions. When fully operational the combined Wollert plant in Victoria will achieve annual emissions savings of 115,000 tonnes of greenhouse gases, a reduction of around 65% compared to the facilities being replaced.

It is Brickworks intention to pass on the cost increases associated with the Carbon Tax to its customers, subject to the mechanism outlined in legislation. Based on the current emission levels, a carbon tax at \$23 per tonne, and including Treasury estimates of 0.7% increases per year, this will result in price increases of up to 6%. Price rises will vary by product according to their carbon intensity.

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## **DIVISIONAL RESULTS**

**Austral Bricks** result was lower than the previous year due to lower demand, particularly in the second half. Overall sales revenue for the year ended 31 July 2011 was \$329.7 million, down 4.7% compared to the prior year, due to the impact of the market downturn in Queensland and Western Australia.

**New South Wales** achieved a solid result, delivering improved profit and margins compared to the prior year. Demand from the BER and social housing stimulus programs came to a close midway through the year and volumes reduced significantly in the second half. Strong cost control measures resulted in decreased production costs compared to last year. All plants were run to match sales, with the unused capacity dedicated to manufacture supply shortfall for Victoria.

**Queensland** delivered a negative contribution for the year as market conditions deteriorated rapidly with new dwelling approvals in Queensland now at the lowest level since 2001. Even though both Rochedale and Riverview plants had lengthy shutdowns to bring production volumes in line with the reduced demand, stock levels increased and unit production costs and standing charges increased. These closures, together with

inconsistent supply and quality resulted in a loss of market share during the year.

Led by a re-invigorated management team, a number of performance improvement initiatives have been introduced to address these issues. The product range has been revamped and now leads the market, with displays already upgraded. In addition, a review of the Rochedale plant is currently underway to determine the extent a refit is necessary to achieve a reduction in manufacturing cost and return the business to the undisputed lowest cost producer in the market.

Queensland operations will be consolidated onto one site at Rochedale with the Riverview plant being written-off during the year, in preparation for sale or transfer into a property trust. The Riverview plant was bought in 1999 for \$14.1 million and to date has delivered a contribution of \$37.7 million to the business.

**Victoria** maintained the prior year's strong profit result, despite volumes weakening in the second half. Building activity continued at record rates during the year and this was supported by interstate product transfers to meet customer demand. During the year, the Summerhill plant and Craigieburn kiln 2 were decommissioned.

The final part of the **Victorian Restructure**, the new Wollert West kiln was lit on 1 July 2011 and commissioning is proceeding to plan. This project is on time and on budget despite losing four months due to poor weather. Full extruded production is planned to commence by November and interstate transfers from New South Wales, South Australia and Tasmania will continue until that time. Pressed brick production will commence in February 2012.

At a capital cost of \$130 million for the Wollert East and West plants and combined nominal capacity of 170 million Standard Brick Equivalents ('SBEs'), the facility was constructed at a cost of \$0.76/SBE of installed capacity, well below the industry average of around \$1.00/SBE. This will provide a significant competitive advantage for the effective life of the plant and guarantee Austral's undisputed position in Victoria as the lowest cost and highest quality producer.

Full production at the Wollert West plant will complete the rationalisation of the Victorian manufacturing footprint from seven older style inefficient kilns on three sites to two state of the art kilns on one site, delivering business simplification, a 65% reduction in production employees and 22% lower real manufacturing costs. Furthermore, the improved quality has allowed overall production capacity to be reduced by 24%.

In keeping with the long term business strategy, the rationalisation has also enabled Brickworks to make substantial profits from the sale of high value surplus land, reducing real capital employed by 70% and increasing returns on funds to over 20%.

**Western Australia** experienced a fall in sales volume and profits as a result of the poor market conditions and increased competition. Production plants were run well below capacity to reduce inventory build, adversely impacting manufacturing costs compared to the prior year.

The business has developed a number of higher margin products to counter the increased competition. A restructure of the business to improve production efficiencies and reduce the level of capital invested is currently being investigated.

**South Australia** delivered another improved result, despite a rapid deterioration in market conditions late in the financial year. The continued strong improvement is a direct result of the previous investment in refitting the plant at Golden Grove. Strong operational performance resulted in production costs decreasing 4.1% compared to the prior year, driving a 5.9% increase in margin.

**Tasmania** delivered an increased earnings contribution through significantly higher average selling prices, despite sales volume being slightly down on the previous corresponding period. Innovative, market leading products have proved popular, increasing market share and average selling price. Improved operational efficiencies resulted in a significant reduction in manufacturing costs. This performance was made possible by upgrades to the plant over recent years.

The **New Zealand** economy struggled again this year in the wake of the Christchurch earthquakes. Although sales were down compared with the prior year, profit was steady.

**Bristle Roofing** achieved another solid result, despite sales volume being down 4.2% to \$123.8 million. The east coast operation recorded improved earnings, driven by average selling price increases and strong cost controls.

In Western Australia, profit was well down on the previous corresponding period. In the face of softening demand, plant shutdowns were required to manage inventory levels, resulting in higher unit production costs. A plant re-fit is planned to commence in October 2012, enabling increased quality and reduced production costs that will ensure a strong future for the Western Australian roofing business.

**Austral Masonry** once again delivered an improved profit result for the year, despite a significant downturn in trading conditions and fierce competition on the east coast. Sales revenue increased by 14.8% over the previous corresponding period to \$55.2 million, due in part to a full year contribution from the Port Kembla plant. On a like for like basis sales volume decreased by 1.9% compared to the prior year.

Sales of pavers in particular were down, as retail sales were impacted by lower consumer confidence and falling house prices slowing the rate of household landscaping projects.

Average price increases of 2.7% were achieved, with significant increases on standard masonry products offset by marginal increases on coloured masonry and landscaping products due to heavy discounting in the market by competitors.

Austral Masonry's product range was again expanded during the year with the launch of the Cornerstone retaining wall system. This product is ideal for use in larger scale projects, giving Austral Masonry access to several markets in which it did not previously compete.

The acquisition of East Coast Masonry in Coffs Harbour during the second half further expanded the Austral Masonry manufacturing footprint and provides an ideal location to serve the New South Wales central and mid north coast regions.

In 2006 Brickworks owned just one Masonry plant in Dandenong, Victoria. Since that time it has grown rapidly through the acquisition of a number of independent operators and is now established as the 3<sup>rd</sup> largest masonry manufacturer nationally and made a positive contribution to the Group result.

**Austral Precast** sales revenue was \$56.6 million in its first full year of operations. The precast business delivered a solid result for the year ended 31 July 2011 with strong profitability on the East Coast and a significantly improved performance in Western Australia, compared to budget, despite closing for 2 months due to a plant upgrade.

Following the acquisition of Sasso Precast last year, Brickworks acquired the assets of the Giroto and Gocrete concrete panel businesses from Boral on 1 September 2010 for \$14.2 million, including stock. The businesses have been successfully integrated and rebranded Austral Precast. Austral Precast is now the only national supplier in the precast concrete walling and flooring industry.

On the East Coast, Austral Precast has an automated production facility at Wetherill Park, Sydney and is investigating new automated plants

for Melbourne and Brisbane. At Wetherill Park, the business is investing in concrete batching facilities to allow 24 hour operation. In addition the business is currently commissioning machinery that will allow production of double skin cavity walls for basements, a new product in the Australian walling market.

Austral Precast also has the only automated precast plant in Western Australia. A plant upgrade completed during the year added the capability to manufacture walling products efficiently in the automated plant and will lead to lower production costs. The Western Australian business has developed a promising order book and is well placed for future growth.

**Auswest Timbers** delivered a steady result for the year ended 31 July 2011 despite sales revenue decreasing 6.0% to \$36.1 million compared to the previous year, due to soft domestic market conditions for green structural products. Higher returns from an improved sales mix assisted the business to achieve a 5.9% lift in average selling prices and a 3.4% increase in margin.

Further advances were achieved in sales of higher margin kiln dried products, as these products made strong gains in brand recognition and market share. UK export volumes increased despite the impact of higher exchange rates. Auswest has recently introduced a pre-finished flooring range with excellent market response to date.

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## LAND AND DEVELOPMENT

Land and Development produced an EBIT of \$29.2 million for the year ended 31 July 2011, up 2.8% from \$28.4 million in the previous corresponding period.

**Property Sales** contributed an EBIT of \$16.3 million for the year.

The major transaction for the year was the sale to Hewlett Packard of land on the M7 Business Hub Estate for gross proceeds of \$18.8 million. A number of smaller transactions also took place.

The **Property Trust** generated an EBIT of \$12.5 million, up from \$10.3 million in the year ended 31 July 2010. Distributions from the Property Trust were \$7.1 million for the year, in line with the prior year with no new properties added. Revaluation profit totalled \$4.7 million, up from \$2.8 million in the previous year. Capitalisation rates have stabilised between 7.75% and 8.5%.

The sale of two lots from a six lot sub-division owned by the Heritage Trust JV on the M7 Business Hub Estate delivered a \$0.7 million profit.

The total value of the Property Trust assets as at 31 July 2011 was \$611.4 million, with borrowings of \$243.5 million, giving a total net value of \$367.9 million. Brickworks share of the Trust's net asset value was \$184.0 million up \$8.0 million from \$176.0 million at 31 July 2010.

**Waste Management** contributed a profit of \$2.5 million from operations at Horsley Park in New South Wales, up \$0.8 million compared to the previous corresponding period.

## INVESTMENTS

The EBIT from total investments was down 11.2% to \$67.9 million in the year ended 31 July 2011.

### Washington H. Soul Pattinson Limited ('WHSP')

ASX Code: SOL

The normalised profit from this investment was \$66.2 million for the year, down from \$74.0 million in the year ended 31 July 2010.

The market value of Brickworks 42.85% shareholding in WHSP remained steady at \$1.322 billion at 31 July 2011. This investment continues to provide diversity and stability to earnings, with cash

dividends totalling \$48.6 million, including a \$12.8 million special dividend, received during the current year.

WHSP has a compound annual Total Shareholder Return ('TSR') for the last 15 years of 11.5%, compared with the ASX All Ordinary Accumulation Index, that returned 9.1% over the same period.

WHSP maintains a substantial investment portfolio in a number of listed companies including significant holdings in Brickworks, New Hope Corporation, TPG Telecom Limited, API, Clover, Ruralco Holdings and Souls Private Equity.

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## OUTLOOK

### Building Products Group

Increasing interest rates and global uncertainty affecting investor confidence have caused a severe housing downturn. Unless there is a move to less restrictive monetary policy or a reduction in taxation and regulation on housing, there is unlikely to be an improvement. There is no indication that housing approvals have reached the bottom of the current cycle. Based on June and July seasonally adjusted figures they are running at an annualised rate of 146,000. Given that commencements are typically around 5% below approvals, Brickworks estimates housing starts for FY2012 will be 141,000.

A number of state governments have implemented schemes to stimulate the housing industry such as first home owner bonuses and / or stamp duty concessions in Victoria, New South Wales and South Australia. Initial sales reports are positive since the 1<sup>st</sup> August implementation of the long awaited Queensland government grant of \$10,000 for new home purchases under \$600,000.

The acceleration of land release programs and a review of planning legislation in New South Wales and Victoria are also welcome, however in a number of markets there remains a shortage of titled land.

The outlook for the New Zealand market is much improved with the Christchurch rebuild set to commence in FY2012 and the withdrawal of a competitor from this market.

A significant capital expenditure program over the past few years has enabled Brickworks to further strengthen its lowest cost manufacturer position in most markets in which it operates. The large capital projects on existing plant are almost complete and

future expenditure will be "stay in business" capital and remain equal to or less than annual depreciation. Business growth projects and acquisitions however will continue to be undertaken as opportunities arise.

### Maximising Profit in Difficult Conditions

In light of the dire condition of the housing industry and the failure of the federal government to act, Brickworks is undertaking additional initiatives to maintain earnings.

A significant **cost reduction** program is underway, with \$17.9 million worth of savings identified last year that have not yet fully flowed through. In addition, a further \$13.7 million worth of full year savings have been identified this year. Unfortunately these savings include the loss of many valued and long serving employees. In addition to the 165 employees laid off last year, a further 74 have been identified since year end. In total, the program has identified the loss of 239 people, representing around 17% of the total workforce.

A number of plants will **operate below capacity**, be on standby, or mothballed to ensure production is in line with demand and inventory levels are maintained. With an estimated brick production for the year of around 700 million SBE's and a total production capacity of 950 million SBE's, Brickworks will operate at 74% utilisation.

In order to improve margins, **price rises** will be implemented on a rolling basis throughout the year. Most divisions have implemented a price rise in June 2011 with further rises planned to deliver average selling price increases of 5-10% compared to the prior year.

## **Land and Development**

The first half of FY2012 will see the completion of three Property Trust projects including two DHL facilities totalling 36,000m<sup>2</sup> on the Oakdale site. The existing Linfox facility at Erskine Park is also being extended by 15,000m<sup>2</sup> and is due for completion in December 2011. The conclusion of these projects will provide additional rental returns and capital growth for the Property Trust.

The demand for new site developments is improving from a weak base across the broader market and the location of the properties continues to attract tenants relocating from other areas. Expansion options for facilities are also being pursued by a number of our larger tenants.

Land sales are proving to be resilient with interest shown in the remaining four smaller lots on the M7 Hub Estate and a number of Queensland properties.

Work continues on rezoning numerous surplus sites already identified for development including Craigieburn in Victoria, Rochedale in Queensland and Cardup in Western Australia. Progress on Craigieburn is expected to be slow, as a result of the review of the entire Victorian planning process. A decision on the Rochedale site is expected by December 2011. The rezoning application and lodgement for the Cardup site is planned for mid 2012.

## **Investments**

The value of Brickworks investment in WHSP, including its exposure to the highly profitable mining sector through its stake in New Hope Coal ("NHC"), is at times unrecognised in valuations of the company. The market value of the Brickworks shareholding in WHSP alone is approximately equal to the current total Brickworks market capitalisation.

## **Brickworks Group**

The forecast decline in housing activity will result in another challenging year for the Building Products Group. This challenge is being met head on with an aggressive cost reduction programme.

Strong contributions from both Land and Development and Investments are expected to largely offset any weakness in Building Products earnings.

## CONSOLIDATED RESULTS FOR THE YEAR ENDED 31 JULY 2011

\$ MILLIONS	31 JULY 10	31 JULY 11	Variance %
<b>REVENUE</b>			
Building Products	580.3	604.9	4.2
Property & Waste	73.8	29.0	(60.7)
Other	2.4	1.7	(29.2)
<b>Total</b>	<b>656.5</b>	<b>635.6</b>	<b>(3.2)</b>
<b>EBIT</b>			
Building Products	53.4	42.0	(21.3)
Land and Development	28.4	29.2	2.8
Associates & Investments	76.5	67.9	(11.2)
Other & H.O.	(7.7)	(7.1)	7.8
<b>Total EBIT</b>	<b>150.5</b>	<b>132.0</b>	<b>(12.3)</b>
Total borrowing cost	(24.5)	(21.2)	13.5
Tax expense	(15.9)	(10.1)	36.5
<b>Normalised NPAT</b>	<b>110.2</b>	<b>100.8</b>	<b>(8.5)</b>
<b>Significant items</b>			
WHSP (significant items) (pre-tax)	-	88.7	
Other (pre-tax)	(14.4)	(29.0)	
Non-regular tax (expense) benefit	43.0	(17.9)	
<b>NPAT (including significant items)</b>	<b>138.8</b>	<b>142.6</b>	<b>2.7</b>
Normal earnings per share (cents)	76.7	68.3	(11.0)
Earnings per share (cents)	96.7	96.7	0.0
Interim ordinary dividend (cents)	13.0	13.5	3.9
Final ordinary dividend (cents)	27.0	27.0	0.0
Total full year dividend (cents)	40.0	40.5	1.3
NTA/Share	\$9.28	\$9.42	1.5

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION FOR THE YEAR ENDED 31 JULY 2011

	31 JULY 10	31 JULY 11
	\$000	\$000
<b>CURRENT ASSETS</b>		
Cash assets	73,353	50,617
Receivables	98,761	83,639
Held for trading financial assets	15	14
Inventories	139,265	153,575
Land held for resale	6,340	1,249
Tax receivable	3,418	3,606
Prepayments	5,526	5,864
Derivative financial instruments	-	139
<b>TOTAL CURRENT ASSETS</b>	<b>326,678</b>	<b>298,703</b>
<b>NON-CURRENT ASSETS</b>		
Receivables	201	201
Inventories	8,533	8,372
Land held for resale	23,742	23,742
Equity accounted investments	1,189,126	1,211,298
Property, plant and equipment	432,069	450,520
Intangible assets	283,920	285,650
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,937,591</b>	<b>1,979,783</b>
<b>TOTAL ASSETS</b>	<b>2,264,269</b>	<b>2,278,486</b>
<b>CURRENT LIABILITIES</b>		
Payables	68,832	58,863
Provisions	29,908	34,755
<b>TOTAL CURRENT LIABILITIES</b>	<b>98,740</b>	<b>93,618</b>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing liabilities	299,285	297,929
Derivative financial instruments	1,404	1,755
Provisions	25,964	25,397
Deferred taxes	188,942	184,041
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>515,595</b>	<b>509,122</b>
<b>TOTAL LIABILITIES</b>	<b>614,335</b>	<b>602,740</b>
<b>NET ASSETS</b>	<b>1,649,934</b>	<b>1,675,746</b>
<b>EQUITY</b>		
Contributed equity	322,666	325,018
Reserves	367,217	296,396
Retained profits	960,051	1,054,332
<b>TOTAL EQUITY</b>	<b>1,649,934</b>	<b>1,675,746</b>

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2011

	31 JULY 10	31 JULY 11
	\$000	\$000
<b>Cash flows from operating activities</b>		
Receipts from customers	625,738	680,020
Payments to suppliers and employees	(578,665)	(647,630)
Proceeds from land held for resale	65,877	18,750
Interest received	2,438	1,717
Borrowing costs	(21,285)	(19,513)
Dividends and distributions received	67,391	57,113
Income tax paid	(14,987)	(1,435)
<b>Net cash flows from / (used in) operating activities</b>	<b>146,507</b>	<b>89,022</b>
<b>Cash flows from investing activities</b>		
Purchases of investments	(16,102)	(3,153)
Proceeds from the sale of investments	2,504	6
Payment for business acquisition	(53,087)	(17,110)
Proceeds from sale of property, plant and equipment	6,164	4,644
Purchases of property, plant and equipment	(25,191)	(35,656)
<b>Net cash flows from / (used in) investing activities</b>	<b>(85,712)</b>	<b>(51,269)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	30,000	70,000
Repayment of borrowings	(130,000)	(70,000)
Net proceeds from issue / (repayment) of shares	173,980	(10)
Loan (to) / from other entity	(21,180)	(714)
Dividends paid	(58,158)	(59,765)
<b>Net cash flows from / (used in) financing activities</b>	<b>(5,358)</b>	<b>(60,489)</b>
<b>Net increase / (decrease) in cash held</b>	<b>55,437</b>	<b>(22,736)</b>
Cash at beginning of year	17,916	73,353
<b>Cash at end of year</b>	<b>73,353</b>	<b>50,617</b>



## East meets west in Victorian superplant

Commissioning is all but complete on Austral Bricks® new state-of-the-art Wollert West brick and paver plant in Melbourne.

The new facility is virtually a duplicate of the highly-successful Wollert East plant which entered production in 2006 and has since consistently exceeded its design specifications, reducing waste, cost, energy use and emissions over conventional brick plants.

Together, Wollert East and West will form one of the world's largest, most modern and efficient brick plants under one roof, supported by massive onsite reserves of clay, shale and other minerals used in brick and paver production. Total production capacity is 170 million units per annum.

The restructure of Austral Bricks® Victorian operations brings the company's investment in the state's future to \$125 million, creating a reliable, high-capacity, low-cost facility in Australia's strongest housing market.

The facility also gives the company an unrivalled advantage in this highly competitive market.

Project funding has been assisted by property sales totalling \$117.3 million. The completion of the new plant also sees the closure of the Summerhill and Craigieburn legacy plants on this site, freeing 180 hectares of developable land which the company is petitioning the Victorian Government to rezone for residential purposes.

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# Good Evans! It's the Tour de Craigieburn!



Austral Bricks staff launch the Cadel Evans' Brick Art wall at Craigieburn

Tour de France winner Cadel Evans is the latest in a distinguished list of sporting, political and show business identities who have been celebrated in a Brick Art™ mural.

Austral Bricks® developed Brick Art™ to demonstrate the versatility and contemporary nature of brickwork, especially the high gloss Dynasty® and Burlesque® series. Most Brick Art™ murals are about 10 metres square. Previous honourees include Tiger Woods, The Duke and Duchess of Cambridge, Michael Jackson, Oprah Winfrey and Barack Obama.

The latest Brick Art™ installation required 9200 bricks in nine glaze colours and was built in time for Evans' triumphant return to his home state. The 100 square metre mural is located at Austral Brick's Melbourne supersite, overlooking the busy Hume Freeway.

Not surprisingly in sport-mad Melbourne, the Brick Art™ mural attracted considerable attention including coverage on the Channel Seven News and the Sunrise program. Local newspapers and trade magazines also ran stories providing valuable exposure for this unique initiative.

## Brickworks donations equip cancer research

For the past decade Brickworks has been a proud supporter of Children's Cancer Institute Australia for Medical Research (CCIA), Australia's only independent medical research facility dedicated to research into the causes, prevention, treatment and ultimately a cure for childhood cancer.

Ongoing company support for CCIA's work has been supplemented with staff donations, primarily through the Casual Friday program. In return for a payroll donation of \$1 per week, staff are issued with a 'Care for Cancer Kids' shirt to wear with their casual clothes on Fridays.

A number of Brickworks staff recently visited the CCIA's facility in the Lowy Cancer Research Centre at UNSW's Kensington campus to see seven large laboratory freezers purchased with the company's assistance. With a capacity of 1500 litres each, these are not



Group Human Resources Manager, Wally Klukewicz, applies a plaque to one of the laboratory freezers.

ordinary household freezers. They hold samples, reagents and other medical materials critical to the Institute's research program.

It is thanks to the ongoing support of corporate partners such as Brickworks and their staff that the CCIA will continue in its quest to unlock the secrets of childhood cancer.

## Industry-funded research confirms brick is top energy performer

For the past decade Austral Bricks™ has been a key supporter of the thermal efficiency research program conducted by Think Brick Australia. A recent report on the research was released in mid-2011 and summarised in the fourth edition of a Think Brick publication.

The research program is being conducted in collaboration with The University of Newcastle Faculty of Engineering and Built Environment. Its objective is to define and quantify the thermal benefits of brick construction that have been long appreciated but not scientifically measured or evaluated.

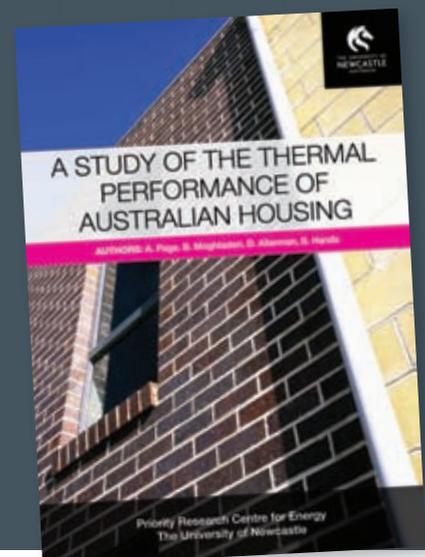
The comprehensive program began with the construction and monitoring of a series of building modules that incorporate a variety of building structures, materials and conditions.

The research to date has confirmed that brick veneer performs better than lightweight construction and that insulated cavity brickwork performs the best.

The findings also reveal that thermal mass in floor slabs is not sufficient to reduce temperature extremes and there is no correlation between the insulation value of a wall and energy usage. This contradicts key contentions put forward by the proponents of lightweight walling.

The report concludes that a well-designed brick building provides superior energy efficiency and occupant comfort to lightweight alternatives and attacks some of the misinformation by providing independent scientific validation of the qualities that have long made clay bricks Australia's preferred building material.

The full report and summary document are available for free download from [www.thinkbrick.com.au](http://www.thinkbrick.com.au).



# Studios bring brickwork in from the cold

It began with new Design Centres in Tauranga NZ and Richmond SA. "Displaying our products indoors allows us to create the more contemporary feel of a modern retail environment," says Brett Ward, general manager marketing for Brickworks Building Products. "It also allows us to build more striking and stylish displays that highlight the many possibilities of our products."

Now Brickworks Building Products has taken another major step by creating two Studios aimed squarely at architects and designers and showcasing the wide product range we now offer.

## Sydney: CBD retail elegance

Located in busy Carrington Street and adjacent to the Wynyard station, the stylish facade of the CBD Design Studio prominently displays the Austral Bricks® logo along with those of the other brands in the Brickworks' stable.

Stepping inside the ground-floor shopfront is a very different experience to the traditional brick and paver displays. There are very few products on display. Most product samples, be they bricks, pavers, masonry, roof tiles or timber, are stored. Customer selections are retrieved and displayed on the long selection table.

Most customers pause to admire the sculptural wall made from Bowral® Charolais Cream dry-pressed bricks. Meetings may also be conducted in a glass-walled room highlighted by a 'stripped' brick wall.

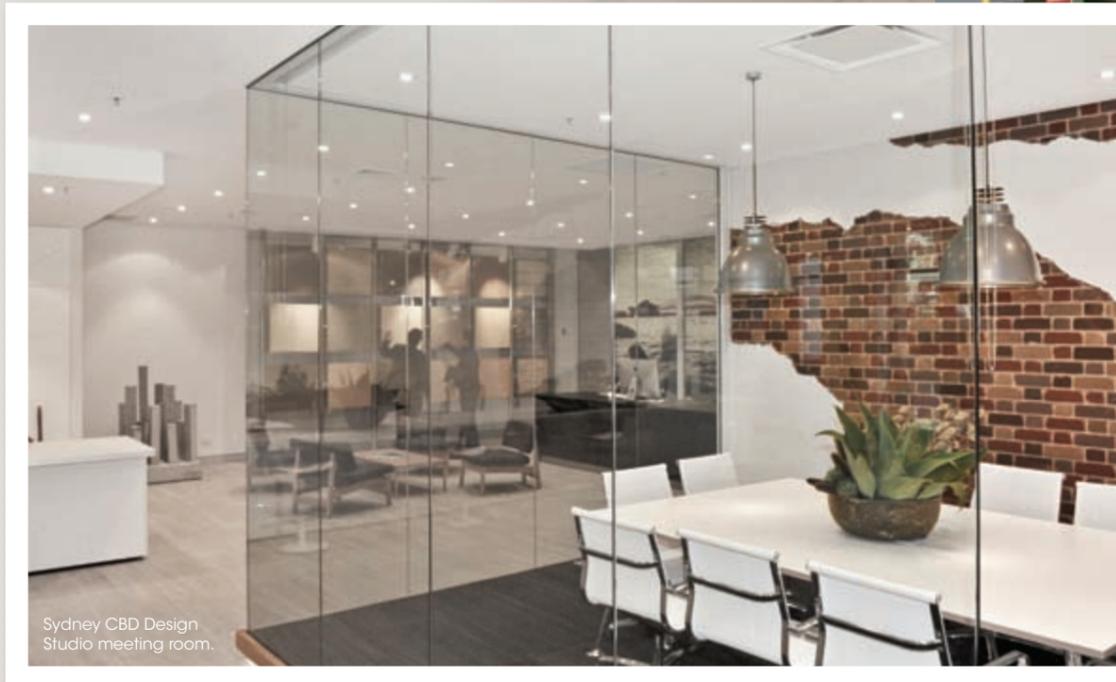
The CBD Design Studio is well located to architectural practices and major customers who are situated in the CBD and also attracts retail customers.

## Melbourne: Inner-city industrial chic

In Melbourne, the Brick Studio was opened in September, not in the CBD but in Richmond, the inner-city suburb that recently hosted The Block. The area is centrally located to many architectural practices, major customers and other building products suppliers.

The Richmond Brick Studio is larger than its Sydney cousin and displays a more 'industrial' aesthetic, appropriate for its site, a former warehouse, and the city-edge location.

The sculptural brick wall that was such a hit in Sydney has been repeated here, and like Sydney most product samples – again from across the Brickworks Building Products ranges – are stored and retrieved for display on the massive timber counter (featuring Auswest timber of course).



Sydney CBD Design Studio meeting room.

However, the most striking element in the showroom is the double row of slender brick and masonry pillars, reaching over four metres to the exposed ceiling. As well as having a 'wow factor' the pillars graphically illustrate the design possibilities of the products displayed.

Both Studios have proven a hit with architects, designers and major customers, drawing hundreds to their glamorous and theatrical opening nights. The Sydney CBD Design Studio has already proven popular as an event location, attracting architects and major customers thanks to its location convenient to their workplace, including an Australian Institute of Architects gathering.

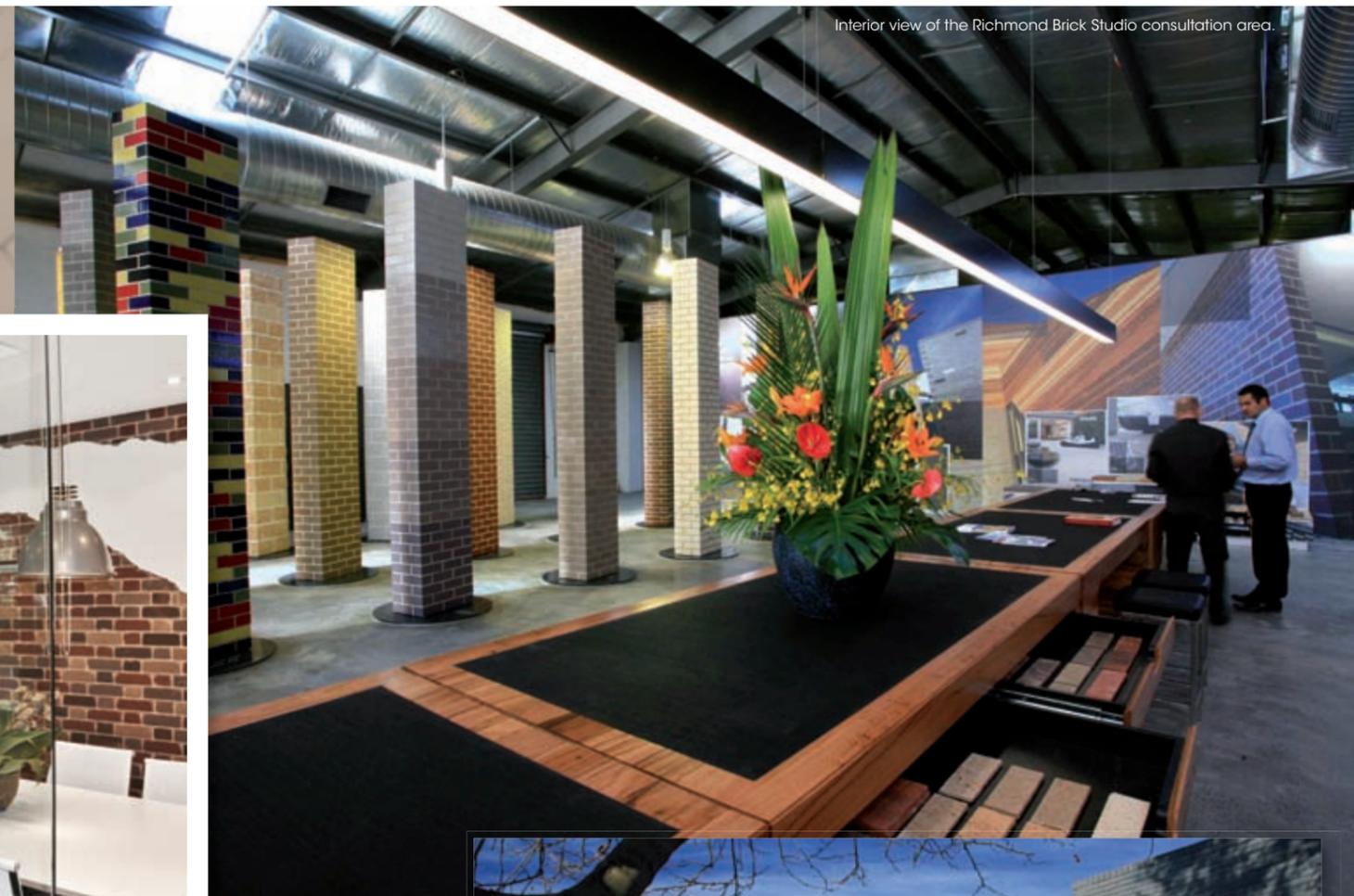
The Richmond Brick Studio is also planning to host industry events. Its convenient location, close to the city and Monash Freeway, has proven popular and attracted customers who would not travel to an outer-suburban Design Centre.

"The housing market, especially in Sydney and Melbourne, has shifted from greenfield estate developments to inner city redevelopments and renovations that are often architect-driven," says Brett Ward. "The establishment of the two Studios acknowledges that the companies making up Brickworks Building Products are major players in this market."

*"Displaying our products indoors allows us to create the more contemporary feel of a modern retail environment,"*



Interior of the Sydney CBD Design Studio.



Interior view of the Richmond Brick Studio consultation area.



Richmond Brick Studio entrance.



Customer coffee area at the Richmond Brick Studio.

# From Bowral, Brahmaan is the new black

The New South Wales Southern Highlands is home to some of Australia's best cattle country and Bowral Bricks®, considered by many to be Australia's finest bricks and pavers.

Continuing the cattle breed naming theme that has been a distinctive feature of its marketing, Bowral Bricks® has introduced Brahmaan Granite™ bricks and pavers. Dark brick colours are extremely popular with architects and designers of upmarket houses and commercial developments. The new series capitalise on this with their rich, dark brown to black tones. Bowral now offers two black/near-black brick and paver choices, the other being the darker Black Angus™.

Like all dry-pressed bricks and pavers, Brahmaan Granite™ features smooth surfaces and sharply-defined edges giving them a subtle yet striking form when built into a wall or laid in a pavement.

These premium quality and premium priced bricks and pavers are being marketed Australia wide.



## Design Place: "Your place for inspiration"

Inspiration. It's what we are frequently seeking in our everyday life, never more so than when we are looking to build. That's why Brickworks has launched Design Place – [www.designplace.com.au](http://www.designplace.com.au) – a new website showcasing inspirational (and aspirational) projects featuring the wide choice of materials now on offer from Brickworks Building Products.

Visitors to the site can view a range of projects in residential, commercial or landscape categories. Each includes a brief statement

highlighting the inspiration behind the project and crediting the team involved in its design and construction.

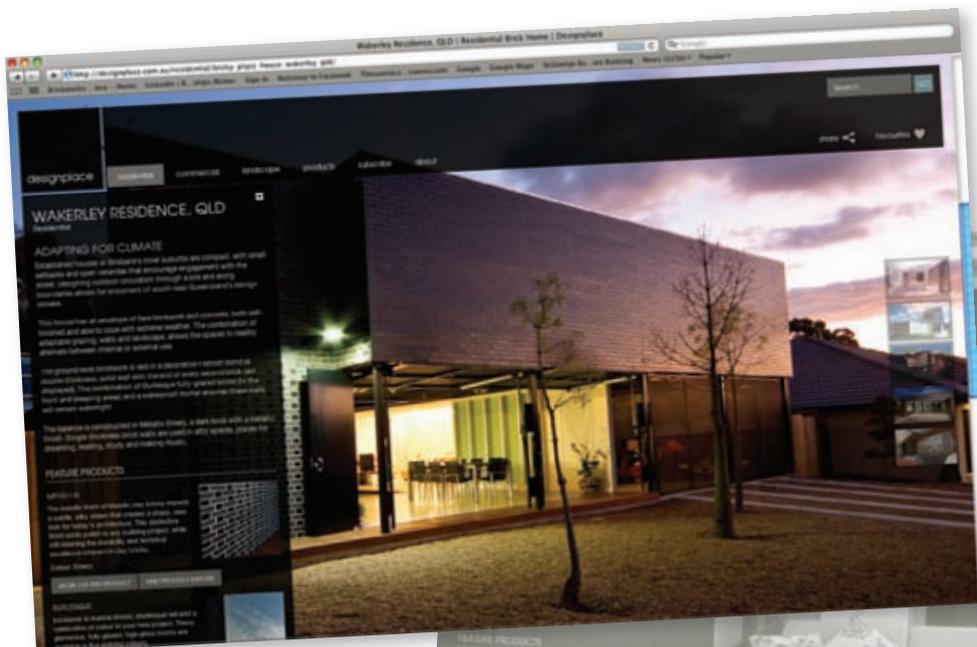
The project description also includes a product listing that is directly linked to the appropriate Brickworks Building Products divisional website. New projects are added monthly.

However the key inspirational element is photography. Each project is profusely illustrated with first class images produced

by some of Australia's leading architectural photographers.

Design Place also makes full use of social media, encouraging visitors to share their ideas via Facebook, Twitter and email as well as digg and delicious. They can also subscribe to the site and receive updates and new information via email, RSS or text message.

"Design Place is Brickworks' most sophisticated website yet, both in its content and execution," says Brett Ward, general manager marketing for Brickworks Building Products. "It highlights not just the broad range of products available from the group, but also illustrates how they can be applied to stunning effect."



# Lights! Camera! Terraçade!™

From its inception Terraçade™, Austral Facades™ innovative terracotta facade tile system, has been marketed internationally achieving acceptance in countries as diverse as Singapore, Canada, New Zealand and Qatar.

Now Terraçade™ is taking centre stage in the Philippines in a popular lifestyle television program that showcases the country's best real estate developments.

The producers, Street Park Productions, commissioned the design and construction of an eco-friendly house to educate their viewers and encourage them to build similar homes.

According to Ari Peralta, the Philippines distributor of Terraçade™, the project architects wanted to use materials that could help reduce the flow of heat into the house. "Terraçade™ was incorporated in the house because it acts as a second skin with insulating capacity," he explains. "Apart from its functionality the designers also liked the overall look it contributed to the house."

A key feature of the Terraçade™ system is the ventilated rear cavity that allows air flow between the outer face and the building structure, reducing the impact of solar heat gain. And being made from fired clay, Terraçade™ tiles never need expensive (and eco-unfriendly) finishes to maintain their good looks and durability.

"During the launch, everybody said they loved the product," says Mr Peralta. "People said it

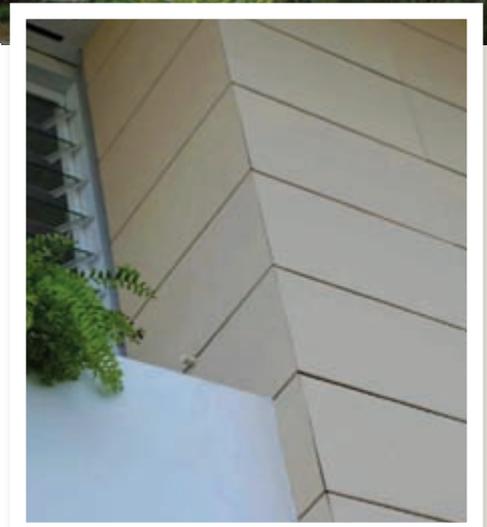


The eco-friendly house in the Philippines

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*"Apart from its functionality the designers also liked the overall look it contributed to the house."*  
.....

gave the house a nice elegant look and they were even more surprised when they found it has insulating benefits."

He adds that the TV eco-house designers were so impressed that they specified Terraçade™ for another eco-house project they are designing for a client.



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